

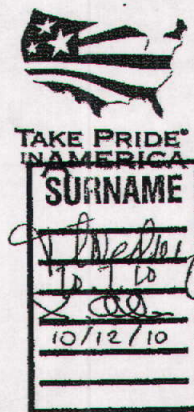


United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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www.ut.blm.gov/saltlake_fo

IN REPLY REFER TO:
3809 (UTW011)
UTU-73999



OCT 13 2010

Rick Havenstrite
Desert Hawk Gold Corporation
8921 North Indian Trail Road, Ste. #288
Spokane, Washington 99208

Dear Mr. Havenstrite:

On October 15, 2009, the Bureau of Land Management (BLM) Salt Lake Field Office received the first draft of your proposed modification to the Plan of Operations for the Cactus Millsite serialized UTU-73999 (UDOGM permit M/045/049). Your submittal, which is classified as a Plan Amendment by the BLM, proposes the addition of acid heap leach operations at the site.

The original Plan of Operations for the Cactus Millsite, approved by BLM in October, 2000, describes milling operations consisting of crushing, gravity separation, and floatation, to produce mineral concentrates. BLM personnel have conducted numerous site visits to the millsite since the plan was approved. During those site visits, various components of an inoperable mill were observed, however, no actual processing has ever been witnessed.

Recent site visits and discussions with Desert Hawk Gold personnel reveal that the mill circuit is being worked on and reconfigured to operate in the near future. It now appears that the planned processing activities are not the same as those described in the original approved plan. Please provide the following information so your plan description accurately reflects the milling activities you plan to conduct at the site:

- 1) A new flow sheet. The approved Plan of Operations contains a flow sheet that is inconsistent with the mill circuit configuration that was observed.
- 2) The original Plan states that only the following chemicals and reagents would be used in processing: Sodium Sulfide, Methyl Isobutyl Carbinol, Dowfroth 250, Aerofloat 242, Aero 404, and Aero 350. Please provide an updated list of chemicals to be used during processing if different from the original approved plan. Also, describe how and where chemicals and reagents will be stored.
- 3) Please provide an estimate of the amount of material that will be processed daily if different from the 50 tons per day in the original approved plan.
- 4) Provide a general schedule of mill operations from start through closure in accordance with [§3809.401(b)(2)(vii)]. Provide a timeframe for how long the mill is expected operate and the date when you expect to complete site reclamation.

Central Files

Also, please indicate the hours of the day you will be operating and the months of the year you will be operating, if different from the original approved plan that states that operations will occur year round for a total of 300 days a year.

- 5) Provide a description and location of any onsite crushing facilities.
- 6) Provide the sources and volumes of water that will be used in your mill process. Also describe the disposition of the water used in your process. For example, will it be completely recycled in your circuit or will it be stored or discharged? Will any make up water be required? The original plan states that excess water will be disposed of by evaporation and that there will be no discharge of water to the environment.
- 7) Please verify the source of material that will be used in your processing circuit. The original plan states the mill feed will be from the Clifton Mining District. Also please describe the disposition of all tailings that result from your mill circuit. For example, describe where they will be stored, total volumes, and how long will they be stored onsite. The original plan describes that "barren rock material will be piped out to the tailings pond". Under your proposed plan amendment for heap leaching at the site, there does not appear to be room for the storage of mill tailings from your process circuit.

Please submit the requested information within 30 days of receipt of this letter. If you have any questions, or require additional information, please contact Stephen Allen of my staff at (801) 977-4360.

Sincerely,

/S/ MICHAEL G. NELSON

Michael G. Nelson
Assistant Field Manager,
Nonrenewable Resources

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